

FISCAL NOTE

Bill #: SB0268

Title: Revise penalty for driving without insurance conviction

Primary Sponsor: Shockley, J

Status: As Introduced

Sponsor signature

Date

David Ewer, Budget Director

Date

Fiscal Summary

	<u>FY 2006 Difference</u>	<u>FY 2007 Difference</u>
Expenditures:		
General Fund	\$89,316	\$71,766
Revenue:		
General Fund	\$550,000	\$765,000
Net Impact on General Fund Balance:	\$460,684	\$693,234

- | | |
|---|--|
| <input type="checkbox"/> Significant Local Gov. Impact | <input checked="" type="checkbox"/> Technical Concerns |
| <input type="checkbox"/> Included in the Executive Budget | <input type="checkbox"/> Significant Long-Term Impacts |
| <input type="checkbox"/> Dedicated Revenue Form Attached | <input checked="" type="checkbox"/> Needs to be included in HB 2 |

Fiscal Analysis

ASSUMPTIONS:

Department of Justice

1. In CY 2004 there were 15,365 convictions recorded in the driver license database for motor vehicle no insurance violations. Of those 219 actions resulted in a driver's license suspension for fourth or subsequent convictions for no insurance violations.
2. The number of driver license suspension and reinstatement actions will be comparable to the number of convictions for all no motor vehicle insurance violations.
3. The average annual percentage of increase in no insurance convictions during the last nine years is 3.75 percent. Assuming the rate of increase remains constant, it is estimated there will be approximately 12,300 no insurance convictions in FY 2006 and 17,100 in FY 2007.
[CY 2005 = $(15,365 - 219) = 15,146 \times 1.0375 = 15,714$ estimated number of no insurance convictions other than 4th offense or subsequent]
[CY 2006 = $15,914 \times 1.0375 = 16,511 \times .75$ (9mos) = 12,383 estimated number of additional driver license suspension and reinstatement actions for no insurance convictions]
[CY 2007 = $16,511 \times 1.0375 = 17,130$ estimated number of additional driver license suspension and reinstatement actions for no insurance convictions]

Fiscal Note Request SB0268, As Introduced

(continued)

4. If ninety percent of the anticipated no insurance violations fall within the criteria for the suspension of the driver's license of the individual driving the vehicle, if the vehicle operated at the time of the offense was registered to the offender or a member of the offender's immediate family, it is estimated that approximately 11,000 driver license suspension actions would be processed in FY 2006 and 15,300 in FY 2007.

[FY 2006 = $12,300 \times .90 = 11,070$ and FY 2007 = $17,100 \times .90 = 15,390$]

5. Some of the work will parallel the processes utilized for registration suspensions, but additional driver license suspensions are time consuming. Work must be done in two systems: R900 and J900. Additional work will be completed in the Driver Control System including correspondence exchanged with a driver and the vehicle owner, responses to telephone inquiries, driver licenses received and returned, reinstatement fees collected, receipted and posted, and system notations will be finalized.
6. The cost of 1.50 FTE in FY 2006 (2.00 FTE for nine months) and 2.00 FTE in FY 2007 (Grade 8) to handle no insurance driver license suspensions and reinstatements is \$36,137 in FY 2006 and \$48,182 in FY 2007 for salary and benefits.
7. One time operating expenditures are estimated at \$36,202 in FY 2006, including \$29,750 costs for programming and computer time usage costs to implement system changes and create a new system generated letter and \$5,952 for two new employee packages (desks, chairs, file cabinets and computers) and \$500 in wiring costs for the network connection.
8. In addition, FY 2006 operating costs would increase \$16,977, including \$1,307 for computer system access ($\$72.60/\text{month}$ per network connection \times 2 network connections \times 9 months), \$14,740 for postage and computer network communications ($\$1.34/\text{conviction}$ \times 11,000 convictions), \$630 for telephones and long distance charges ($\$35/\text{month}$ \times 2 employees \times 9 months), and \$300 for supplies, for an estimated total operating costs of \$16,977 in FY 2006. ($\$1,307 + \$14,740 + \$630 + \$300 = \$16,977$)
9. Operating costs in FY 2007 would increase \$23,584, including \$1,742 for computer system access ($\$72.60/\text{month}$ \times 2 network connections \times 12 months), \$20,502 for postage and computer network communications ($\$1.34/\text{conviction}$ \times 15,300 convictions), \$840 for telephones and long distance charges ($\$35/\text{month}$ \times 2 employees \times 12 months), and \$500 for supplies, for an estimated total operating costs in FY 2007 of \$23,584. ($\$1,742 + \$20,502 + \$840 + \$500 = \$23,584$)
10. A \$100 reinstatement fee would be collected from suspended drivers. Some individuals would already be paying the reinstatement fee for other withdrawal actions and some may be commercial drivers exempt from the reinstatement fees. It is anticipated that 50 percent of the drivers suspended for no insurance violations will pay the \$100 reinstatement fee, generating general fund revenues of \$550,000 in FY 2006 and \$765,000 in FY 2007.

[FY 2006 = $11,000 \text{ convictions} \times 50\% \times \$100 \text{ for each reinstatement fee} = \$550,000$]

[FY 2007 = $15,300 \text{ convictions} \times 50\% \times \$100 \text{ for each reinstatement fee} = \$765,000$]

FISCAL IMPACT:

Department of Justice

	FY 2006 <u>Difference</u>	FY 2007 <u>Difference</u>
FTE	1.50	2.00
<u>Expenditures:</u>		
Personal Services	36,137	48,182
Operating Expenses	<u>53,179</u>	<u>23,584</u>
TOTAL	\$89,316	\$71,766

Fiscal Note Request SB0268, As Introduced

(continued)

Funding of Expenditures:

General Fund (01)	\$89,316	\$71,766
-------------------	----------	----------

Revenues:

General Fund (01)	\$550,000	\$765,000
-------------------	-----------	-----------

Net Impact to Fund Balance (Revenue minus Funding of Expenditures):

General Fund (01)	\$460,684	\$693,234
-------------------	-----------	-----------

TECHNICAL NOTES:

1. It is unclear whether there is a provision requiring the driver license suspension for a no insurance violation if the driver of the motor vehicle is operating a vehicle owned by an unrelated third party.
2. Determining whether a motor vehicle owner is a member of the offender's immediate family may be difficult.
3. There may be no direct connection between the insurance policy for the motor vehicle and the individual whose driver's license would be subject to suspension for a no insurance violation and the three year reporting period.
4. Approximately fifteen percent of the motor vehicle policies issued in Montana are terminated/cancelled due to the motor vehicle owner(s) changing insurance providers. This may create difficulties for the motor vehicle owners and insurance companies since this bill provides that the insurer may not cancel the policy at the request of the insured during the six-month reporting periods.
5. It is unknown how many drivers' licenses would be re-suspended if proof of compliance is not provided for any six-month period for insurance on the motor vehicle.
6. It is unclear what would be the implications if the motor vehicle owner were to sell or transfer ownership of the motor vehicle.